



California Public Utilities Commission

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News Release

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PUC GRANTS LIMITED REHEARING ON ALLOCATION OF DWR CONTRACT COSTS

SAN FRANCISCO, Jan. 13, 2005 – The California Public Utilities Commission (CPUC) today granted limited rehearing of its decision on allocation of the revenue requirement of the California Department of Water Resources (DWR), allowing San Diego Gas and Electric Company (SDG&E) and the other utilities the opportunity to present additional evidence on the narrow issue of how to calculate the uneconomic or above-market costs of the contracts.

“It is my hope that, through granting this limited rehearing, SDG&E in particular will have the opportunity to present evidence that, if persuasive, would result in a lower obligation for San Diego customers than the Commission previously required,” said Commission President Michael R. Peevey.

In a previous decision (D.01-12-014), the Commission adopted a permanent methodology for allocating DWR’s revenue requirement between Pacific Gas and Electric Company (PG&E), Southern California Edison, and SDG&E. For DWR contract costs, the methodology first allocated these costs on a cost-follows-contract basis. The resulting allocation is then adjusted so that all ratepayers in the PG&E, Edison, and SDG&E territories share the forecasted above-market costs of these contracts equally.

SDG&E asked the Commission for rehearing, contending that the adopted allocation methodology and the Commission’s decision not to allow SDG&E to present direct testimony and evidence regarding the above-cost allocation methodology violates Public Utilities Code. SDG&E further contended that the record did not support the use of a fixed above-market cost forecast.

The Commission approved a limited rehearing to allow the parties to propose how the above market costs should be determined.

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